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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Review of the Commission's Regulations Governing Television Broadcasting	)	MM Docket No. 91-221
	)	MM Docket No. 87-8
Television Satellite Stations Review of Policy Rules	)	

COMMENTS OF NATIONAL BROADCASTING COMPANY, INC.

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TABLE OF CONTENTS

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	)	
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National Broadcasting Company, Inc. ("NBC") files these Comments in response to the Commission's Further Notice of Proposed Rulemaking ("FNPRM") in the above-referenced Dockets.

I. INTRODUCTION AND SUMMARY

In 1991, the Commission's Office of Plans and Policy issued a report chronicling the enormous changes in the video marketplace over a 15 year period, and concluding that those changes had led to a dramatic increase in competition faced by traditional television broadcast stations. The OPP's report concluded that in light of these changes, the Commission's national broadcast ownership rule should be eliminated and its duopoly rule substantially relaxed.

F. Setzer and J. Levy, Broadcast Television in a Multichannel Marketplace, FCC Office of Plans and Policy Working Paper No. 26, page 170 (1991) ("OPP Report").

Since the OPP Report was issued four years ago, the marketplace has continued to change in ways that not only increase competition, but that increase the number of programming outlets available to viewers in local communities and thereby outlet diversity:

- Another 64 commercial television stations have signed on the air, bringing the national total to 1,157. The increase in over-the-air broadcast stations is fueled in part by the launch of two new broadcast networks: the United Paramount and Warner Brothers Networks.

- Cable penetration has increased from 56% to 62.5% of television households.

- Local cable news operations are proliferating (e.g., NewsChannel 8 - Washington, D.C.; New York 1 and News 12 Long Island - New York; New England News Channel - Boston; etc.)

- In 1991, no high power direct broadcast satellites had been launched. Four years later -- after the most successful introduction of a new consumer electronics product in history -- there are an estimated 350,000 subscribers to DBS services with estimates of over 5 million by the end of 1996.

- MMDS or wireless cable service has increased from 180,000 subscribers in 1991 to 550,000 today.

- The telephone companies are on the verge of bringing hundreds of new video channels to local communities via "video dial tone" service.

The Commission's station ownership rules were first adopted in the early days of World War II. They were designed to ensure that no one could monopolize radio communications in this country at a time when outlets were limited and there were no competing technologies. Over fifty years later, the growth in broadcast outlets and the advent of new technologies have totally undermined FCC rules that derive from a different era. Application and enforcement of the basic principles of competition policy that govern all U.S. business and other commercial activities appear adequate to protect competition and diversity in a world where there are four well-established broadcast networks and a multiplicity of strong independents in most large markets.

The Commission's ownership rules are not only unnecessary and unjustifiably restrictive -- they are seriously destructive in the current competitive marketplace. They burden broadcasters with more restrictive ownership limits than any of their competitors. They limit the ability of free, over-the-air television station owners to use the efficiencies and economies of multiple ownership to compete against newer technologies and the growing number of local outlets for video programming. In short, the rules weaken the competitive potential of local television broadcasting at the very time competition is becoming increasingly fierce.

In response to the FNPRM, NBC proposes the following changes in the Commission's television station ownership rules:

- The national ownership rule should either be eliminated or at a minimum significantly expanded to 50%. A rule limiting the number of stations one entity can own nationwide is not required to prevent the creation of market power or its exercise in any relevant market. In fact, a rule which imposes national ownership limits has <u>no</u> effect on competition or diversity in the local markets where stations actually compete and viewpoints reach the public. Group-owned -- and network-owned stations -- have strong track records of commitment to local news, weather, sports and community service. Increasing the size of a group's ownership will not affect its behavior in operating individual television stations, or change the degree of competition in each local market.

- <u>The duopoly rule should be significantly relaxed to permit (1) Grade B Contour overlaps; and (2) the ownership of two stations whose Grade A Contours overlap (or that are located in the same DMA) where one of the stations is a UHF, unless in small markets the Commission finds the combination would harm competition or diversity.</u> Stations located in different DMAs that have overlapping Grade B Contours do not compete with each other for advertising revenues or programming, and are unlikely to have enough viewers in common to be considered competitors for audience. Moreover, a competitive analysis of virtually all larger markets in the U.S. (e.g., the Top 25 markets) will reveal that common ownership of two stations with overlapping Grade A Contours will not raise competition or diversity concerns. At a minimum, the Commission should make clear that ownership of two stations in the same market is permissible so long as at least seven different station owners remain in the market.

- The ownership of two VHF stations whose Grade A Contours overlap (or that are located in the same DMA) is a more difficult issue. Nevertheless, the Commission should permit such combinations on a case-by-case basis if it is convinced that there are sufficient competitors and strong voices in the affected market so that neither competition nor diversity would be harmed.

As described in these Comments, NBC's proposals are based on longstanding and sound principles of competition policy and its enforcement. They are also supported by the data and analysis contained in an economic report entitled "An Economic Analysis of the Broadcast Television National Ownership, Local Ownership, and Radio Cross-Ownership Rules" ("Economic Analysis") filed in this proceeding on behalf of NBC, CBS, Capital Cities/ABC, and Westinghouse Broadcasting by Economists, Inc.

II. ALLOWING LARGER GROUP OWNERS WILL NOT HARM LOCALISM OR GIVE UNDUE POWER TO BROADCAST NETWORKS. TO THE CONTRARY, LARGER STATION GROUPS WILL STRENGTHEN FREE, OVER-THE-AIR BROADCASTING AND ITS TRADITION OF LOCAL SERVICE

Elimination or significant relaxation of the Commission's station ownership rules will strengthen free, over-the-air broadcasting in a world where competition from both existing and new non-broadcast distribution technologies is intensifying. There are no countervailing policy reasons to maintain the existing, overly-restrictive regulatory regime. There is simply no basis for the claim that larger station groups will undermine localism or place too much power in the hands of broadcast networks.

First, large station groups have traditionally and consistently demonstrated their commitment to local service, including local news, sports, weather and community service. In fact, the Commission has in the past acknowledged that group-owned stations on average present more local news and public affairs programming than individually owned stations.[2]

Second, increased station ownership by networks will not harm local stations or the network/affiliate system. In fact, just the opposite is true. To the extent broadcast networks have an increased stake in and larger commitment to station

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Amendment of Multiple Ownership Rules (Gen. Docket 83-1009) 56 RR2d 859, 869-71 (1984).

broadcasting, they will run their network businesses in a way that advantages the owned stations that comprise such an important component of their overall businesses. These advantages will redound to independently owned affiliates as well.

Third, the commitment to local news, weather, sports and community service lies at the heart of free, over-the-air broadcasting. It is what distinguishes our medium from the burgeoning competition. If a broadcaster can own more outlets across the country and can increase its commitment to an individual market, that broadcaster, and ultimately the broadcast industry as a whole, will become economically and competitively stronger. The result will be that even more resources will be devoted to the local programming and community service that is the hallmark of free, over-the-air broadcasting.

III. THE COMMISSION'S TELEVISION STATION OWNERSHIP RULES SHOULD BE BASED ON PRINCIPLES OF COMPETITION POLICY

The primary justifications for the FCC's national and local ownership rules are (1) "to safeguard against undue concentration of economic power" and (2) "to encourage diversity of ownership in order to foster the expression of varied viewpoints and programming." FNPRM at par. 2. To the extent the Commission's rules attempt to foster competition, they should be based on general principles of competition policy. Under those principles, there is nothing inherently "suspect" about horizontal expansion. To the contrary, "a major benefit of competition is the efficient organization and management of productive resources. A merger that improves efficiency enables the merged firm to compete more effectively and, perhaps, to induce more efficient performance among its competitors." 4 Areeda & Turner, Antitrust Law par. 901 (1980). In fact, as the two federal antitrust enforcement agencies recently noted in their joint merger guidelines, most acquisitions "are either competitively beneficial or neutral." U.S. Dep't of Justice & FTC, Horizontal Merger Guidelines sec. 0.1 (1992) (hereinafter, "Merger Guidelines"). There is no reason to make different assumptions, or apply a different and stricter set of standards, when horizontal expansion occurs in the television broadcast industry.

Application of competition policy principles to broadcast station ownership would also stop any given merger or acquisition on competition grounds long before there was any significant threat to diversity. Section V of the Economic Analysis points out that the appropriate market definition for measuring diversity is necessarily broader than the economic markets used to measure competition. For example, while television and books do not compete in any of the markets the Commission identified as relevant to competition analysis, they both are important sources of viewpoints and therefore should both be counted when measuring diversity. Since antitrust markets are more concentrated and narrower than diversity markets, application of antitrust standards to national and local markets relevant to television broadcasting will operate to stop acquisitions for economic reasons long before there is any threat to diversity.

Thus, reliance on the competition policy principles that are generally applied to businesses and activities in other sectors of the economy would protect the public both from the creation of market power _and_ from any meaningful loss of diversity.

A. Competition Policy: Background

Competition policy in this country is implemented through the antitrust laws. In antitrust enforcement, acquisitions raise concerns _only_ to the extent that they are likely to allow the combined entities to exercise market power. _FTC_ v. _Occidental Petroleum Corp._, 1986-1 Trade Cas. (CCH) par. 67,071, at 62, 517 (D.D.C. 1986); _see also_ _Merger Guidelines_ at Sec. 0.1. Therefore, government regulations that limit or prohibit acquisitions simply cannot be justified on competition policy grounds if the acquisitions are not likely to facilitate the exercise of market power.

Yet that is precisely what the FCC's national and local ownership rules do. By categorically banning acquisitions of television stations that fall well below any threshold level of market concentration that would trigger competitive concerns, these rules ignore the very competition policy principles that they were ostensibly designed to further. When fundamental competition policy precepts and antitrust analysis are applied to the national ownership rule, it becomes clear that it is unnecessary, unjustified and should be eliminated. A similar evaluation of the local ownership rule supports significant relaxation of current duopoly restrictions.

There are three basic antitrust provisions that may be contravened by an acquisition -- or series of acquisitions -- that result in undue concentration of economic power. To have a basis in competition policy, the Commission's ownership restrictions must be reconciled with at least one of these antitrust provisions.

The first two, monopolization and attempts to monopolize under Section 2 of the Sherman Act, do not provide a competition policy rationale for the Commission's national ownership restrictions. Traditionally, both provisions require proof that a firm controls a predominant share of the market -- at least in the 50%-70% range in the case of monopolization, and in the 30-50% range for attempts to monopolize. E.g., United States v. Aluminum Co. of America, 148 F.2d 416, 424 (2d Cir. 1945); Areeda & Hovenkamp, Antitrust Law par. 518.3(c), at 549 (1992 Supp.);

Nifty Foods Corp. v. Great Atlantic & Pacific Tea Co., 614 F.2d 832, 841 (2d Cir. 1980). Thus, acquisitions involving television stations cannot plausibly raise competition policy concerns unless a single owner acquired at least 30%-50% of the relevant market. As discussed below, if market shares are calculated properly, it is beyond the realm of possibility that this will occur.

The third antitrust provision deals with "probable" effects on competition, rather than actual anticompetitive impact. Section 7 of the Clayton Act, 15 U.S.C. Sec. 18, prohibits an acquisition where it will create "probable and imminent" harm to competition. FTC v. Occidental Petroleum Corp., 1986-1 Trade Cas. (CCH) par. 67,071 at 62,517 (D.D.C. 1986). The statutory purpose is to stop anticompetitive acquisitions in their "incipiency," before they can cause significant injury to competition. Under the Merger Guidelines, the Justice Department and FTC have expressly recognized the existence of so-called "safe harbors," in which acquisitions are presumptively lawful under the Clayton Act and will not be subject to further antitrust scrutiny. To create these safe harbors, the Merger Guidelines utilize the Herfindahl-Hirschman Index ("HHI") as a measure of market concentration.[3] The Merger Guidelines then

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[3] The HHI is calculated by "squaring" the individual market shares of each firm in the relevant market and then adding the "squared" market shares together. Merger Guidelines at Sec. 1.5.

define three types of markets based on the HHI concentration levels: unconcentrated markets, moderately concentrated markets and highly concentrated markets. Only if an acquisition raises the HHI in a highly concentrated market (an HHI of over 1800) more than 100 points is there a "presumption" that the acquisition will impair competition. Mergers in unconcentrated and moderately concentrated markets are never presumed to be anticompetitive.

As the Commission notes in the FNPRM, this presumption is rebuttable. Other factors, such as barriers to entry and other structural features of the particular market must be examined to determine whether the exercise of market power is possible. FNPRM, par. 21; See, Merger Guidelines, Sec. 1.51(c); Economic Analysis at 5-6.

B. The Relevant Markets

Competition policy analysis of the Commission's station ownership rules must begin with the proper definition of the relevant geographic and product markets. The FNPRM defines the markets that may theoretically be impacted by television station acquisitions as: (1) a local market for delivered video programming; (2) a local advertising market; (3) a national advertising market; and (4) a national video program production market. While NBC agrees that these are the appropriate markets to analyze, the Economic Analysis points out that in several respects the Commission has defined the markets too narrowly. For example, the Economic Analysis demonstrates that national spot broadcast advertising and non-video advertising should be included in the national advertising market (pp. 21-22 and Appendix D). NBC submits that more extensive and more rapid deregulation than the Commission has proposed is justified even if the Commission's market definitions were ultimately the basis for its action. However, more inclusive and therefore more accurate market definitions support even broader deregulation, a faster phase-out of the ownership restrictions, or, at minimum, lend even stronger support for the Commission's proposals to relax the current limits.

Nevertheless, as the FNPRM concludes, competition analysis supports significant deregulation even with the overly-narrow market definitions the Commission has suggested. Regardless of the market one focuses on, it is incontrovertible that the television marketplace today is far less concentrated, and far more competitive, than it was when the national ownership rules were first implemented.[4] Indeed, there has been dramatic market change even since 1984, when the Commission initially decided to phase out the national ownership rule entirely, and ultimately

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[4] FNPRM at pars. 6, 12. See also Notice of Proposed Rulemaking, In re Review of the Prime Time Access Rule, at pars. 16-21 (Oct. 25, 1994).

decided to relax it.

The explosive growth of the television marketplace undercuts any rationale for continued limits on ownership of television stations nationwide. Indeed, the de-concentration of the market has been so great over the past 25 years that it is unnecessary for the Commission to grapple with the issue of defining precisely which video distribution entity or advertising vehicle is properly included in the relevant market. Even if one were to narrowly define the relevant market to include only commercial television stations, the well-established antitrust and competition policy principles discussed above nevertheless compel repeal of the national ownership rule and substantial relaxation of the duopoly rule.

IV. COMPETITION POLICY ANALYSIS OF THE NATIONAL OWNERSHIP RULE DEMONSTRATES IT IS NOT REQUIRED TO ENSURE COMPETITION OR DIVERSITY

A. The National Ownership Rule Is Not Required To Prevent Market Power Or Its Exercise In Any Relevant Market

Applying the analytical framework proposed by the Commission in the FNPRM, the Economic Analysis concludes, as does the Commission, that a rule limiting the number of stations a single entity can own nationwide is not required to prevent market power or its exercise in the local markets for delivered video programming and advertising. In fact, the national ownership rule has no effect on competition or diversity in either of these markets. The rule imposes national limits, but competition in the relevant markets occurs only at the local level. Stations in different local markets don't compete against each other for viewers, for advertisers or for programs. The ownership of media outlets available to the public in Topeka is unaffected by the ownership of outlets available to the public in Ft. Lauderdale. For this reason there can be no competition or diversity policy concern that is remedied by the national ownership rule. See, Economic Analysis, Section VI.

With regard to the two national markets identified in the FNPRM, even assuming that all stations in the country competed against each other, and even assuming the narrowest possible definition of the relevant market (including only full power commercial television stations), well-established competition policy principles compel the repeal of the national ownership rule.

The Commission properly rejected three theories that suggest the rule might have an impact on the national advertising and program acquisition markets: (1) that a group owner's increased share of the national spot market could raise a competitive problem; (2) that a group owner might use the market power it has in one market to subsidize anti-competitive conduct in another market; and (3) that a group owner might exercise monopsony power in the program buying market. The Commission determined that in light of the number of suppliers of national and local advertising, and the number of buyers of national programming, there is no danger that a group owner could acquire monopoly or monopsony power in any of these markets. FNPRM, pars. 86-87, 91.

Monopoly Power. According to the FNPRM, there are currently 1,157 commercial television stations nationwide. (par. 89). The current rule, which limits a single owner to 12 stations, prohibits ownership of more than a paltry 1% of the total. If the rule is intended to prohibit any single owner from obtaining monopoly power, then it should allow any owner to acquire at least 50%-70% of the market. Using market shares based on the total number of stations nationwide, this means that concerns about monopoly power will not be triggered until a single owner acquires between 570 and 800 television stations.

Similarly, under the legal standards applicable to monopoly prohibitions, the television household reach limitation in the rule also lacks any competition policy foundation. In order to evaluate the validity of the household reach limitation of the national ownership rule, we must first reconcile the concept of "reach" with the competition policy principles of market share or "capacity."[6] Because many stations "reach" 100% of the audience

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[6] Television household reach is conceptually comparable to market "capacity," which is often used by antitrust enforcers to assess market power. See, e.g., Merger Guidelines, Sec. 1.41. Like "capacity," a television station's audience reach reflects the portion of the market that the station could theoretically supply, as opposed to the portion of the market that it actually supplies. However, the total "capacity" of any market, by definition, can never exceed 100%. In contrast, as explained in the text, the total reach of all U.S. television stations will always exceed 100% because each local market contains many competing stations with comparable TV household reach.

in each market, the cumulative audience "reach" of all the stations in a market will always exceed 100%. In short, the fact that a single owner's stations "reach" 25% of TV households nationwide does not mean that the owner has one-quarter of the total nationwide TV household market for competition analysis purposes, since many, many other station owners also may have a 25% "reach."

Based on the current national ownership rule's approach of assigning each station 100% of the audience within its DMA regardless of the number of other stations also serving that DMA, the cumulative nationwide audience reach of all full power commercial television stations is 866%. However, to translate television household reach into market shares or "capacity" in a way that makes sense in terms of competition analysis, each owner's individual TV household reach must be divided by the cumulative reach of all television stations nationwide. For example, to convert the national ownership rule's 25% "reach" limitation into an analytically sound market share, one must divide 25% by 866%, which yields 3%. Thus, the current 25% cap contained in the rule does not in reality mean that a single owner can acquire a 25% market share of the national audience. It actually precludes a single owner from obtaining more than about 3% of the relevant market. Even if a single entity

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See Economic Analysis at 61.

acquired a station in every one of the Top 25 markets, which together comprise about 50% of the nation's television households, its share of cumulative household reach would only be about 6% of the nationwide market.

Monopoly concerns will not be raised until a single firm acquires 50%-70% share of the cumulative national reach of 866% -- in other words, television stations with a cumulative reach of 430%-600%. While as a hypothetical matter the rule could be amended to prohibit such acquisitions, we submit that, as a practical matter, no entity is likely ever to acquire so many stations.[8] Therefore, the rule should simply be eliminated.

Attempt To Monopolize. If the rule is assessed in the context of the threshold market analysis derived from "attempt to monopolize" jurisprudence, it is completely lacking in any doctrinal foundation. Using the 30%-50% threshold figure, the rule should permit any single owner to acquire between 340 and 570 television stations, or to acquire stations having a

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[8] The recent sale of the four-station Argyle TV Holding group to New World Communications indicates that in today's market each percentage point of TV household coverage costs over $180 million. For NBC to move only from the coverage level of its current seven stations to the current household limit of 25% would cost $770 million. To acquire stations reaching 50% of TV households would require an investment of over $5.2 billion. It is ridiculous to maintain a rule to protect against the unlikely event that a single company would want to spend literally billions of dollars to acquire so many stations as to raise competitive concerns.

cumulative audience reach of 250%-430% Again, as a practical matter, we submit that no single owner is likely to come close to acquiring so many stations, and therefore no rule is necessary.

Acquisitions That Tend To Create A Monopoly. Even under the relatively strict standards of Section 7 of the Clayton Act, the national ownership rule cannot be justified, and should be eliminated entirely. The national ownership rule prohibits any television station acquisitions above a certain concentration level -- without any individual analysis of whether the acquisition at issue is pro-competitive, neutral, or anti-competitive. Such an ironclad, blanket prohibition cannot be justified on competition policy grounds unless it is triggered by market concentration levels that at least support a "presumption" that further acquisitions will be anticompetitive. As noted earlier, under the Merger Guidelines, Clayton Act enforcement does not even create a presumption that any acquisition raises serious antitrust issues unless the market is highly concentrated (i.e., has a post-acquisition HHI in excess of 1800 points). Even if the national ownership rule were modified to allow any owner to acquire up to 200 television stations (i.e., 18% of the 1,157 total), the market would never reach the highly concentrated level.

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[9] If any owner could acquire up to 200 stations, and every owner attempted to reach that limit, eventually all the stations in the national market would be owned by 6 owners. The first five owners would have 200 stations

By the same token, using cumulative TV household reach as a market share measure, the Merger Guidelines would not classify the market as highly concentrated as long as no single entity owned stations with a cumulative reach of more than 155% (i.e., 18% of 866%).[10] Since there is no realistic scenario in which any single entity would acquire 200 stations (or acquire stations with a cumulative television household reach of 155%), the rule should be eliminated.

Finally, as noted earlier, the Merger Guidelines conclude that all acquisitions that occur in an unconcentrated market (i.e., HHI below 1,000) are in a "safe harbor," and therefore need no further scrutiny under the antitrust laws. The most conservative and cautious approach to the national ownership rule, therefore, would be for the Commission (1) to define a market limited only to commercial television stations, and (2) to prohibit any acquisition which might cause the market share levels to exceed the unconcentrated range.[11] With 1,157

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and the sixth would have 157 stations. Since 200 stations is approximately 18% of the market, the HHI would be 1720, still below the "highly concentrated" standard. Thus, a limit of 200 stations per owner would prevent the television station market from ever becoming "highly concentrated."

[10] If each owner could acquire no more than 18% of the cumulative audience reach (i.e., 155% out of 866%), then the HHI (as shown in the prior footnote) could not possibly reach "highly concentrated" levels.

[11] Such an ultra-cautious approach would not be the most analytically sound one, because antitrust doctrine recognizes that the existence of other structural

television stations, the market would remain unconcentrated even if each of eight hypothetical station groups could own 115 stations with a "reach" of over 80% of all television households (i.e., a numerical and "reach" market share of less than 10%). In that situation there would be enough stations left over for another nine owners, who would each have a "reach" of 24% or TV households. With that market configuration, the HHI based on DMA household coverage would only be 768 -- "unconcentrated" under the Merger Guidelines -- and every additional acquisition would raise no antitrust or competition policy concerns. Economic Analysis at 61.

Again, we submit that as a practical matter, there is no realistic possibility that any single owner would acquire so many stations, and there is little justification for imposing and enforcing a national ownership rule with limits as high as 115 stations and 80% reach. Rather the rule should simply be eliminated.[12]

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characteristics of the market, such as ease of entry and the difficulty of effectuating collusive behavior, may make unlikely the exercise of unilateral or coordinated anticompetitive conduct even if the market were somehow to become moderately or highly concentrated. Market developments confirm that there is a large and growing number of new sources of competition in the television market. The Economic Analysis also describes the unlikelihood of collusive behavior in the relevant markets defined by the Commission.

[12] If cable systems and other media are included in the relevant markets, as they most likely would be by any antitrust enforcer, acquisition of far more than 115

B. The National Ownership Rule Deprives Station Owners and the Public of Important Benefits of Group Ownership

The Economic Analysis describes many of the economic and competitive benefits of group ownership that are lost or circumscribed as a result of the national ownership rule. NBC's owned stations derive benefits from shared programming (e.g., educational programming for children; Hispanic and Black History Month vignettes), shared resources (e.g., assistance in times of crisis like Hurricane Hugo in Miami or the Los Angeles earthquake) and reduced cost of local sales for major national program events (e.g., the 1996 Olympics).

The Commission's diversity concerns have traditionally focussed on the provision of news and public affairs programming. FNPRM at n. 93.[33] In earlier phases of this proceeding, the Commission accumulated evidence that group owned stations tend to provide more news and public affairs programming than those that are individually owned. NBC's stations are no exception. In 1994, each of NBC's six owned stations provided on average over

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stations would be permissible even under a rule that prohibited acquisitions that increase market share levels above the unconcentrated range.

[33] But see Section V of the Economic Analysis, which questions the narrow focus on news and public affairs programs as a measure of diversity. It is the viewpoints expressed in news and public affairs broadcasts, and not the format of the programs, which are critical from a diversity standpoint, and those same viewpoints can be and are expressed in other program formats.

30 hours an week of local news programming, 48% more than they did in 1989.

To assess the effect of group ownership on the amount of local news a station provides, it is instructive to look at NBC's Denver station, KCNC-TV, which NBC acquired as part of the GE-RCA merger. KCNC-TV was the only station GE owned at the time of the 1985 merger. In 1985, the station provided 22.5 hours of local news per week, making it a market leader in Denver. Today, as part of NBC's owned stations group, KCNC-TV provides 44.5 hours of local news per week -- an 82% increase over 1985. KCNC-TV is a case in point on the benefits of group ownership.

The Commission's stringent national ownership restrictions impede the ability of broadcast stations and networks to remain competitive in the multichannel environment. In particular, station ownership, which has always been important to networks, is now critical to advertiser-supported over-the-air networking. Broadcast networks face increasingly intense competition from other national subscription program services which have eroded their audience shares. Owned stations provide broadcast networks with a steady, predictable revenue stream that supplies the resources required to invest in expensive entertainment and sports programming, and to maintain costly newsgathering and production operations. Station ownership also gives broadcast networks at least the minimal level of national clearance